

**Norse Group Board Q2 2022/23**  
**Held on Thursday 14 November 2022**

**Attendees**

Andy Wood	-	Chair, Non-Executive Director
Andrew Proctor	-	Non-Executive Director, Norfolk County Council
Simon Hardwick	-	Non-Executive Director, Norse Group Ltd
Lord Gary Porter	-	Non-Executive Director, Norse Group Ltd
Brian McCarthy	-	Non-Executive Director, Norse Group Ltd
Justin Galliford	-	CEO, Norse Group Ltd
Zoe Repman	-	CFO, Norse Group Ltd
Katie Marrison	-	Group HR Director, Norse Group Ltd
Clr Barry Duffin	-	Norfolk County Council, Shareholder Representative

**Also in attendance:**

Stuart McWilliam	-	Group Solicitor, Norse Group Ltd
Helen Edwards	-	Director of Governance, Norfolk County Council

**Apologies:**

Simon George	-	Executive Director Finance and Commercial Services, Norfolk County Council
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*The Board meeting was recorded.*

**1.0 Declarations of Interest**

1.0 None to report.

**2.0 Minutes of the previous meeting**

2.2 The minutes were **APPROVED**.

**3.0 Chief Executive Report**

3.1 The report was taken as read. The Chair provided an overview of key highlights:

- Paul Pawa, newly appointed Sales Director, starts on 9 January 2023. Paul has extensive background in Local Authority and FM, most recently working with Mitie.
- Nick Maddox has been appointed Group COO, which will allow the CEO to focus strategically on the Group and the nine key theme plans that have been developed.
- It was suggested that the CEO report is framed around the nine key theme plan to ensure that the Board are updated on its progression. It was agreed that this would be implemented. **ACTION**
- InnerCircle consultancy regarding NorseCare has begun. The focus of which is the strategic estate and the development of a NorseCare business plan.
- The Norse Group Chair has met with James Bullion (NCC Executive Director, Adult Social Services), who is pleased with the work conducted to date.
- NorseCare are working with the NHS on a step-down programme to enable the health system to deblock beds.

### 3.2

The CEO reported:

- The second quarter of FY23 achieved a trading profit of £0.3m. This is £2.2m behind budget and in terms of a year-to-date position it has been a difficult quarter.
- Mixed performance across the three business areas.
- Most of the pressure is from the Joint Venture Partnerships, particularly Norse Southeast and GYBS.
- GYBC and Norse will both equally share the losses in the JV partnership. This Partnership ceases March 2023 and Norse are working with GYBC to transfer services.
- Inflationary costs are impacting all Partnerships, particularly with agency and fuel costs.

- It was stated that most Councils do not appear to have headroom to cover inflationary increases, however Medway do, and are supporting Norse on unit cost pressures of fuel which at one point was running at an overspend of £40k per month.
- Conversations with Medway continue with the possibility of providing Highways services.

- Norse Consulting, whilst ahead of budget during the quarter had significantly less trading profit. It appears that some customers are not willing to release work due to market confidence and current economic conditions.
- NorseCare are behind in revenue expectations with a negative variance against a budget of £1.2m for the quarter.

- Whilst there has been a slight reduction in agency staff, NorseCare remain under pressure from staffing costs.
- Subject to the outcome of Mayflower Court CQC inspection, an improvement in the rating will allow admissions to resume. This will enable NorseCare to assist the NHS on de-bed blocking and benefit from additional income.
- Financial forecast and budgets for 23/24 are being prepared.
- Discussions continue with GYBC re Great Yarmouth Norse (not GYBS) to find a way forward and resolve some of the issues and concerns that have risen from the partnership. Discussions remain positive.
- Compliments were received from NCC in relation to Operation London Bridge.
- Our Voice has launched. This forms part of the engagement initiative, liaising with staff around culture and brand. The appointment of Group COO will help in terms of creating one consistent voice across the three business units.
- It is recognised that there are some challenges ahead for Norse.
- It is noted that Norse, as a business, is somewhat restricted in that a dividend is paid to its Shareholder. A private company, facing the challenges that Norse currently does, could cut, or stop a dividend payment.

3.3 The Board **AGREED** to note the report.

#### 4.0 **Norse Group Financial Report.**

4.1 The CFO provided an update. Highlights include:

- The second quarter of FY23 has achieved a Trading Profit of £0.3m, £2.2m behind budget and £2.6m lower than Q2 of the previous year.
- Predominant challenges are cost increases.
- Cash Equity injection from NCC has yet to be received. Whilst NCC are content to provide the funds, they require justification for the £10m investment, (the current loan is being reclassified as an investment and all investment and legal issues must be considered). A paper on this investment is to be prepared. This will not leave a £10m hole in the Norse accounts as the current £10m term loan will be rolled over with no loan repayments, just paid interest.
- Commercial interest rates have increased, and this will affect Norse repayments.
- Norse funds invested with NCC are being reviewed. These currently return c.2%pa. Offsetting the NCC loan against Norse investments is being considered and discussions are on-going.
- Aged debtors – there was some concern regarding Great Yarmouth and the monies they owe the Group. There is a risk of non-collection if money is retained. The Board are supportive of actions to resolve any on-going dispute.
- It was stated that the NCC debt could be due to a new system implementation that has caused some issues.
- Mitigations are not included in FY23 outlooks.
- Pension triennial valuations are taking place.
- Three significant financial issues within NorseCare:
  - Lack of NCC uplift
  - Staff agency costs
  - Voids
- Assisting the NHS with de-bed blocking should result in received revenue.
- BDO (and another Company) have identified a potential problem with pension fund valuations. This relates to the valuation of assets that sit in a pension fund. Therefore, there is a slight delay in the signing of the

accounts. It is noted that this is an industry issue and not solely relating to Norse Group.

- It was recommended that an annotation against debt numbers presented (where there is a noticeable change) should be included within the finance report. **ACTION**

4.3 The Board **AGREED** to note the report.

## 5.0 Norse Group SHEQ Report

5.1 The report was taken as read. The following was noted:

- The Group continue to focus on its environmental performance to meet requirements of its customers.
- Lloyd's surveillance audit (for ISO Accreditation) is scheduled to start in November 2022.
- Work continues with Norse Consulting to ensure that they are aligned to environmental management requirements.
- Financial controls report has been completed and is included in the Board papers. This report was produced at the Board and Audit Committee request.

5.2 The Board **AGREED** to note the report.

## 6.0 Group Business Opportunities

6.1 The report was taken as read. The following was noted:

- In response to a question as to whether the Group had any exposure to a declining and potentially challenging residential development market over the next year or two, the CEO responded that Norse Consulting provide services on a phased progression basis and there is an element of risk.
- It is noted that there is some concern regarding development partnerships and the Group's exposure within them. The CEO will report to back to the Board on these development partnerships and the Group's exposure. **ACTION**
- It is noted that the Group have PI insurance and the Joint ventures have warranties to protect themselves. The CEO will review how much protection the Group has and report back to the Board. **ACTION**

6.2 The Board **AGREED** to note the report.

## 7.0 NorseCare Update

- 7.1 The report was taken as read. The following was noted:
- In relation to service quality, NorseCare are working with Croners, using their care quality database to produce a coherent set of policies.
  - Statement of Purpose (our provider agreement with CQC) is being reviewed to reflect existing resident clinical profiles, admission inclusion and exclusion criteria and governance structure. NorseCare's current statement is too broad.
  - Audit programme has commenced. Within this is a plan to develop the capabilities of care home managers on how to audit and how to respond to an audit. Care home managers will also receive training on KPIs, how to respond to them and understand the importance of them.

- 7.2 During the ensuing discussion, the following points were raised:
- It is vital that there are training plans in place for all permanent and agency NorseCare staff. A pilot scheme is underway to review what training should be conducted on-line and in person.
  - It was confirmed that all members of staff must provide relevant certificates of qualifications.
  - It would be beneficial to have a case study produced, if the Swallow Tail domiciliary care home progresses, to inform future decisions as to whether this is an area of the care market that Norse wish to provide services in.
  - InnerCircle scoping work continues, with completion by end March/April 2024. There are several key deliverables within this:
    - Revised target operating model
    - Financial investment strategy
    - Change management plan
    - Estate rationalisation
    - Development plan proposals
    - Review of the staffing structures, leadership, and governance.
  - Any recommendations made have not yet been budgeted for.

7.3 The Board **AGREED** to note the report.

## 8.0 People Report

- 8.1 The report was taken as read. The following points were raised during the ensuing discussions:
- Following the Our Voice meetings that have been held, it is noted that common themes / areas of concerns from staff are:
    - Communications: difficulties in communicating to all staff – HR are looking at ways to expediate the process with the possibility of using an App.

- Payslips: HR are looking at ways to make payslips easily available and accessible to staff.
- Support of internal businesses: it can be more expensive to use Norse, than go to an external provider. For example, booking transport. Finance will investigate this.
- Cost of living, rewards, and benefits.
- A paper on the issues identified during the Our Voice meetings, to include solutions to the problems raised will be prepared and submitted to the Board later. **ACTION**

- Norse Group Board NED Appointment is progressing. Once applicants are selected, they will be presented to Shareholder.

8.4 The Board **AGREED** to note the report.

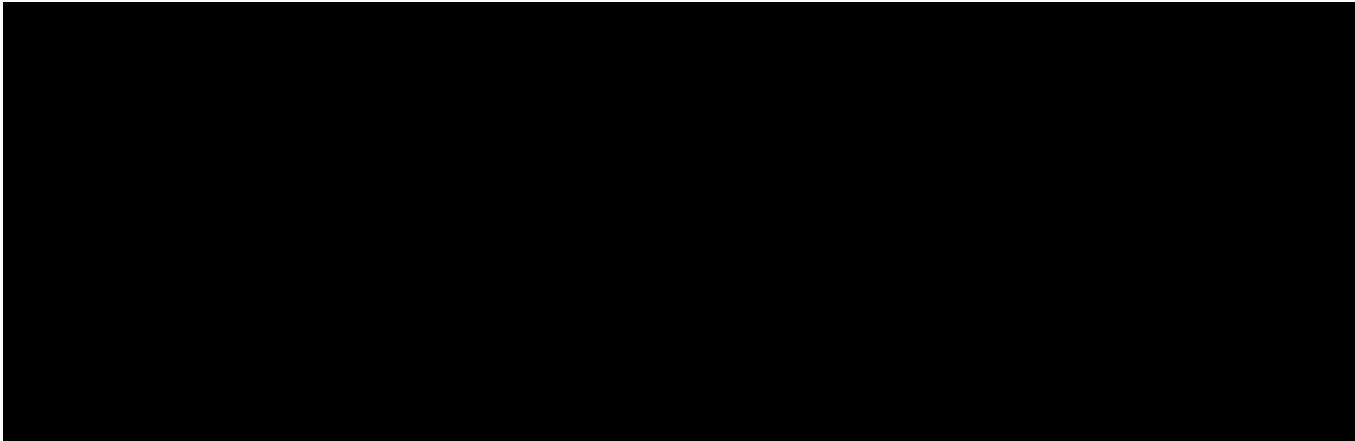
## 9.0 Corporate Communications

9.1 The report was taken as read.


9.2 The Board **AGREED** to note the report.

## 10.0 Modern Slavery Update

10.3 The Board **APPROVED** the Group Modern Slavery statement.



I declare that these are the agreed minutes.

Chairman: 

Date: .....

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